

TO: EQC Members

FROM: Marilyn Ross, Chair, Montana Heritage Commission

DATE: January 11, 2012

RE: HJ 32

Memorandum

During the September 14, 2011 hearing I was asked to prepare a written response to a question regarding the management structure for the state-owned properties in Virginia City, Nevada City and Reeder's Alley. The following is a brief explanation of the current operations and management of those resources.

Introduction

On April 23, 1997, the Montana Legislature authorized the purchase of the Bovey family properties in Virginia City and Nevada City for \$6.5 million. The purchase included about half of the historic structures in Virginia City; all of Nevada City; and the artifacts and collections of Western Americana including large collection of music machines. The Montana Heritage Commission was created to manage the sites and was attached to the Montana Historical Society for administrative purposes. The Commission is made up of 14 members.

In 2003 the Legislature passed SB 232 which attached the Heritage Commission to the Department of Commerce for administrative purposes.

At the time of purchase and creation of the Heritage Commission it was made very clear that the 55th Legislature had very specific management goals for the sites. As stated in the statutes the Heritage Commission was mandated to use the properties to become economically self-supporting and establish a management structure to ensure the profitable operation of the site.

To that end the statute contains the intent of the 55th Legislature that no General Fund money be used for operation and maintenance of the site.

Re-Organization and Current Management Structure

Since it's inception in 1997 the MHC has struggled to maintain a secure financial foundation. MHC received a federal grant to start it's historic building preservation program in 2001 and a second federal grant was awarded in 2004. MHC hired additional staff and strengthened it's preservation and maintenance programs. A portion of the federal grants were used to pay administrative and overhead costs. The federal funds allowed MHC to increase staffing levels and maintain a consistent operating budget.

In 2007 the federal grant funds ended. Federal funds used to pay for overhead costs ceased and many positions at MHC had to shift their funding support to the State Long-Range Building program.

MHC was not included in the LRB Program for the next biennium (2011 Legislative Session.) This means there will be no more LRB funds when the currently allocated funds are expended.

Without LRB the statutorily appropriated funds are:

1. \$400,000 from the accommodation "Bed Tax", Section 15-65-121 MCA
2. \$200,00 from vehicle fees, Section 61-3-321, MCA

Additional revenues are:

1. Earned revenues from leases
2. Nevada City gate ticket revenues

Historically revenue from these 3 sources total approximately \$939,000 annually.

Before the re-organization and Reduction in Force in Summer 2011 the expenses were approximately \$400,000 more than our projected revenue.

The Commission in the Spring of 2011 took the following actions to address the funding reality;

1. Closed the MHC Office in Helena and moved all operations to Virginia City
2. Reduced the seasonal workforce from 12 to 6
3. All remaining money in LRB will be used only to correct the most

pressing infra-structure needs, I.e. water, electricity, fencing and security to protect the State's investment in buildings and artifacts.

4. The positions of Administrative Specialist in the Helena Office and the position of Visitor Services specialist were left vacant.

Reduction in Force

The Commission determined the need to implement a Reduction in Force to align revenue and expenses. Effective on August 31, 2011 the following actions were taken:

1. Eliminated 3 professional positions: Curator of Interpretations; Curator of Collections; Archeologist. Created one full time position to cover the three professional responsibilities. The Cultural Resource Manager is responsible for overseeing the duties of Archeology, Collections, and Interpretation using contracted labor when necessary.

2 Eliminated the Site Manager position and moved those responsibilities to the Business Manager.

The total staff positions eliminated through RIF and attrition were 5 FTE.

Re-organization and Current Structure

The Commission intends moving forward that MHC will place a greater emphasis on a business model that will increase profitability of the site and greater economic sustainability. To this end, Commission created a Business Development Manager position.

The Commission believes these changes will allow for more effective management of staff; afford efficiencies in developing the business aspects of the operation; and pursue funding activities to make the operations economically independent.

The current organizational chart is attached.

MONTANA

Department of Commerce

Montana Heritage
Commission

Last Updated September 30, 2011

